



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

October 19, 2006

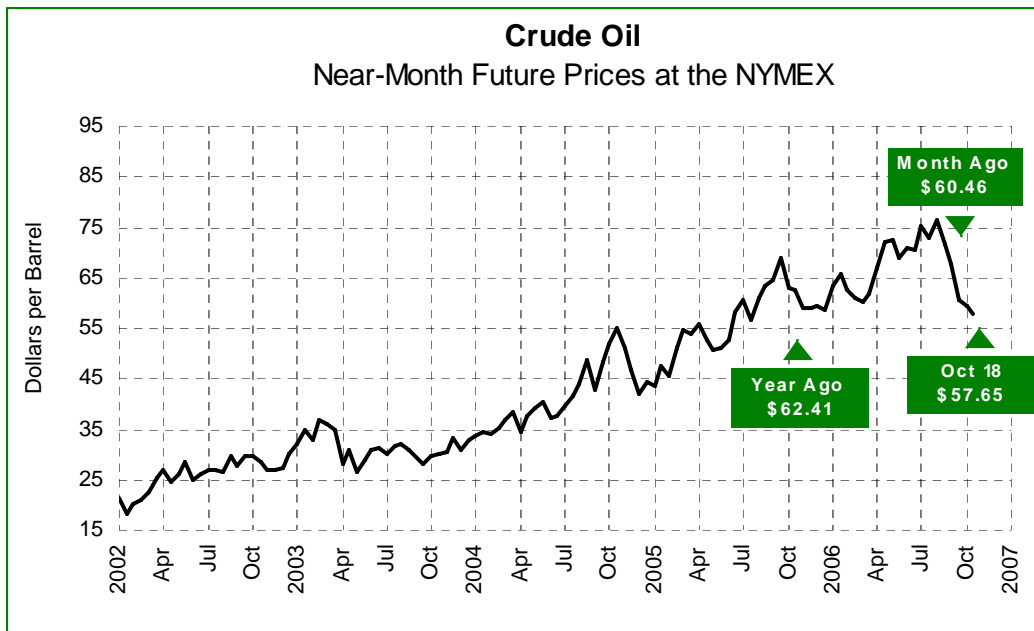
Crude Oil

On October 18, NYMEX oil futures for November delivery settled at \$57.65 per barrel in response to a large build in US crude oil supplies and a very strong crude storage level.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>10-18-06</u>	<u>09-20-06</u>	<u>change</u>	<u>10-19-05</u>	<u>change</u>
NYMEX	\$57.65	\$60.46	down 5%	\$62.41	down 8%

- Crude oil prices settled \$1.28 lower from the previous day at \$57.65 per barrel on Wednesday, October 18 following the U.S. Department of Energy's (USDOE) weekly storage report that showed U.S. refineries were continuing to operate at the lowest rate. Trading analysts suspect capacity reduction is based in part to scheduled maintenance but also an effort to reduce a growing surplus of products.
- At \$57.65, U.S. crude oil prices are now at their lowest for 2006 in reaction to very strong U.S. and global oil supplies. U.S. crude oil prices have dropped nearly \$21 per barrel or 27 percent since mid-July's peak of \$78.40.
- OPEC is meeting in Qatar today to clear a deal to curb OPEC oil output by 1 million barrels per day or about 4% of current production levels. Kuwait's energy minister noted that certain members of the OPEC cartel are lobbying for a significantly higher production cut, specifically Venezuela, Iran and Nigeria. Saudi Arabia has tentatively agreed to a production cut but offered no details.



- For the week, U.S. refineries reduced operations by 2.6 percent to 86.3 percent capacity. U.S. refineries have reduced gasoline output by 100,000 barrels per day on a 4-week running average and distillate output by 250,000 per day. Refinery inputs are 500,000 barrels lower from the prior week at 15 million barrels of crude oil per day. At this level, refinery inputs are just 1.5 million barrels per day higher when compared to the same period last year.
- U.S. crude oil supplies increased 5.1 million barrels to 335.6 million barrels for the week ending October 13, according to the USDOE. U.S. crude production fell 120,000 barrels per day but is still higher compared to last year's production at just 4.1 million barrels. Crude imports fell by 130,000 barrels per day last week to 10.4 million barrels per day. At this time last year, crude imports were 9.2 million barrels per day.

Transportation Fuels

On October 16, Missouri's average retail price for regular unleaded gasoline was \$2.01 per gallon, a decrease of \$0.13 or 6 percent since last month and about \$0.50 or 20 percent lower than the average retail price a year ago.

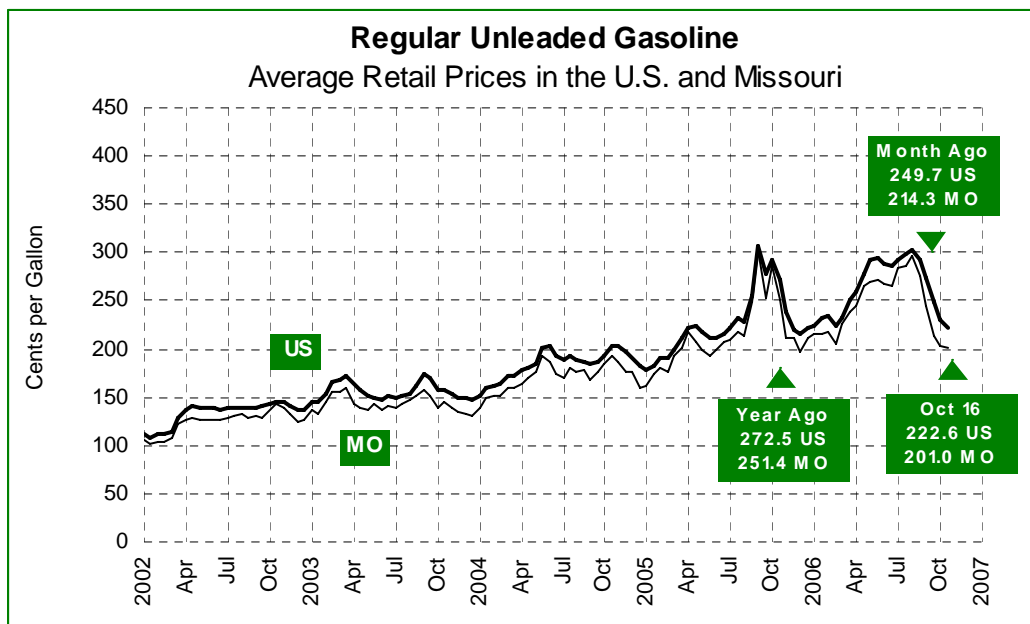
<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>10-16-06</u>	<u>09-18-06</u>	<u>change</u>	<u>10-17-05</u>	<u>change</u>
US	222.6	249.7	down 11%	272.5	down 18%
Missouri	201.0	214.3	down 6%	251.4	down 20%

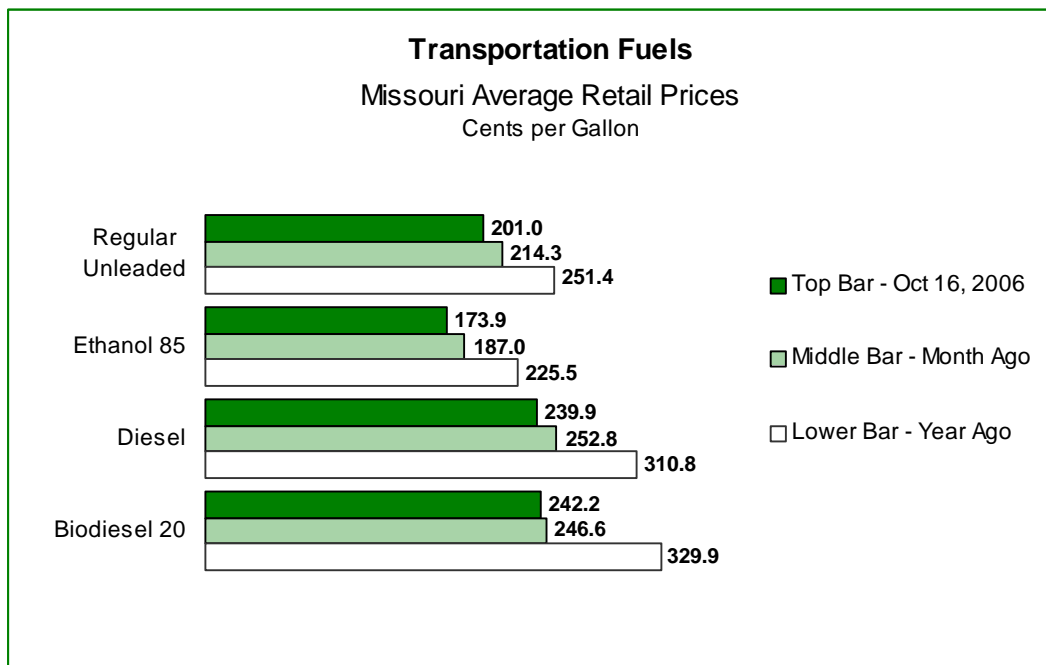
<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>10-16-06</u>	<u>09-18-06</u>	<u>change</u>	<u>10-17-05</u>	<u>change</u>
US	250.3	271.3	down 8%	314.8	down 20%
Missouri	239.9	252.8	down 5%	310.8	down 23%

- On October 16, Missouri's statewide average gasoline retail price was down 13 cents while diesel retail prices decreased 12.9 cents from last month. Missouri gasoline prices are 20 percent lower while diesel fuel prices are 23 percent lower than October 2005. Missouri's average gasoline price is

22 cents lower than the U.S. average of \$2.23 per gallon and diesel prices are about 10 cents lower than the U.S. average of \$2.50 per gallon.

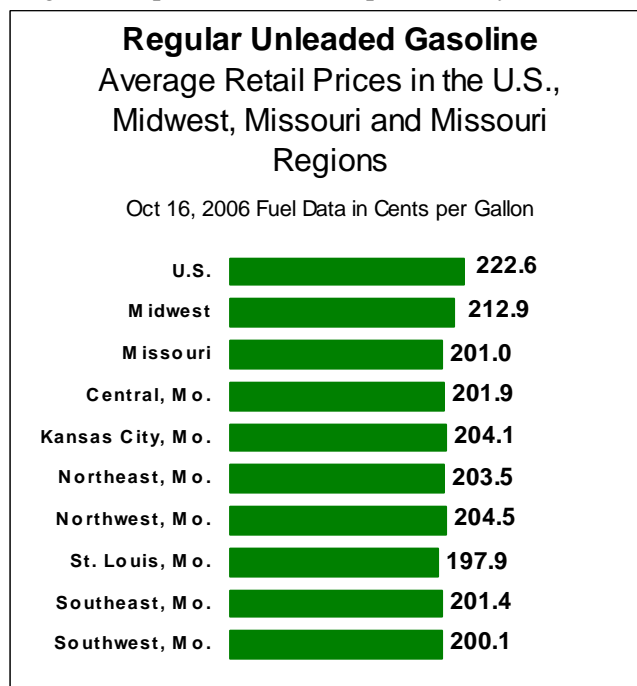
- On October 16, Missouri's average retail price for E85 (regular gasoline containing 85 percent ethanol) was \$1.74 per gallon, down 13 cents per gallon or 7 percent from last month. At \$1.74 per gallon, E85 is 27 cents or 13 percent lower than the average price of regular unleaded gasoline.
- Distillate stocks fell nationally by 4.5 million barrels compared to 1.6 million barrels two weeks ago, yet U.S. inventories are up by 22.7 million barrels from last year. With production, imports and demand relatively unchanged, this larger-than-expected reduction may suggest that distillates are now export-bound.
- Ultra-low-sulfur diesel (ULSD) output was unchanged last week. Refiners are making about 2.4 million barrels per day of ULSD and supplies decreased 2.3 million barrels nationally as ULSD supplies moved from primary storage to the retail level to meet new compliance requirements by October 15. Imports added another 166,000 barrels per day of ULSD.





Motor Gasoline - Total Stocks (millions of barrels)					
	10-13-06	09-15-06	change	10-14-05	change
US	210.2	207.6	up 1%	195.7	up 7%

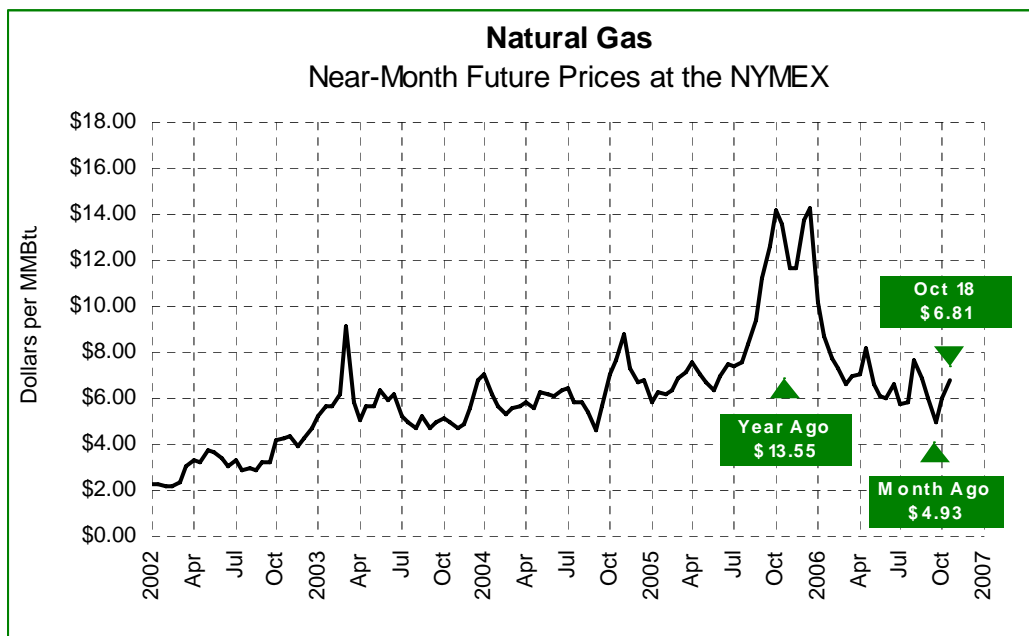
- U.S. gasoline supplies fell 5.2 million barrels from a week ago to 210.2 million barrels but are 14.5 million barrels higher than last year's level at this time, still above the five-year average.
- Implied demand for gasoline increased last week to 9.3 million barrels per day, climbing 200,000 barrels per day in just two weeks and reversing a downward trend that began September 1. Gasoline demand is 3.6 percent higher compared to the same period last year following Hurricane Katrina.



Natural Gas

On October 18, natural gas futures closed at \$6.81 per MMBtu an increase of \$0.83 in the past two weeks and an increase of \$1.88 or 38 percent from the month-ago settlement price.

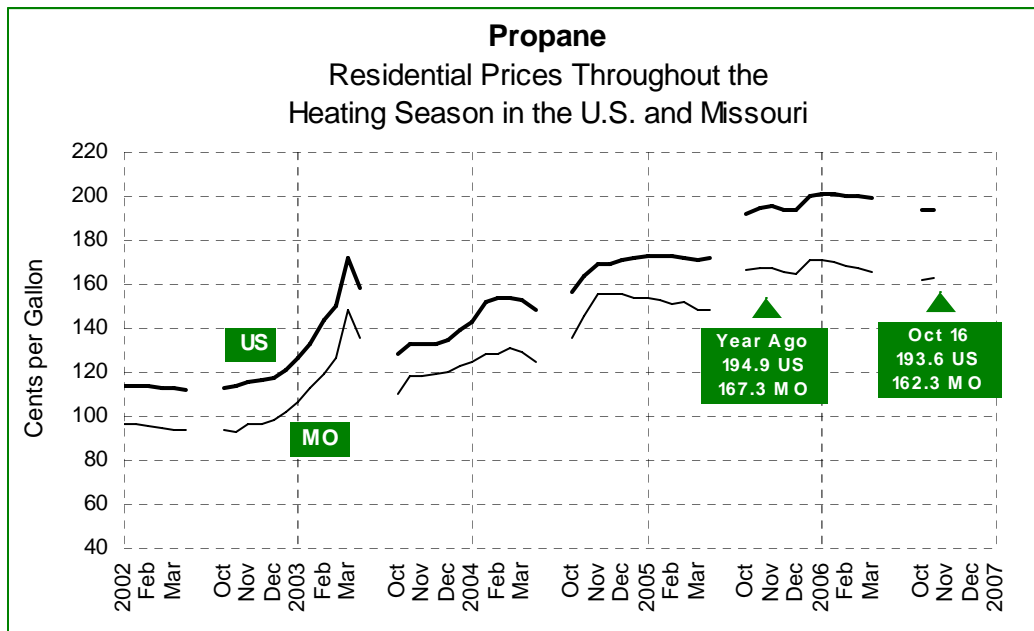
Natural Gas - Near Month Future Prices (dollars per mmbtu)					
NYMEX	10-18-06	09-20-06	change	10-19-05	change
	\$6.81	\$4.93	up 38%	\$13.55	down 50%



- The NYMEX futures contract for November delivery settled at \$6.81 per MMBtu on Wednesday, October 18, climbing 66 cents on the week. Compared to a year ago, prices were down \$6.74 representing a 50 percent decrease. Regional temperatures that required heating and cooling loads increased demand for natural gas for electric generation and likely contributed to higher prices.
- Working gas in storage as of October 13 totaled 3,442 Bcf, which is 11.1 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. Supplies were 391 Bcf higher than last year at this time and 345 Bcf above the 5-year average of 2,967 Bcf.
- According to the EIA as of Oct. 10, the outlook for the upcoming winter (October 2006 through March 2007) anticipates a 14 percent decrease in natural gas space heating costs for Midwest households compared to the winter of 2005-2006 with prices estimated at \$11.01 per Mcf.

Propane

On October 16, Missouri's average residential price for propane was \$1.62 per gallon, a decline of 5 cents or 3 percent from this time last year.



Propane Fuel - Stocks (millions of barrels)					
	Oct 13	month ago	change	year ago	change
US	72.0	67.3	up 7%	67.5	up 7%

- According to the Missouri Energy Center's bi-monthly winter heating season propane survey, the average retail price for residential propane was \$1.62 per gallon on October 16 compared to \$1.67 per gallon at this time last year.
- U.S. propane supplies improved by 1.2 million barrels last week and now stand at 72 million barrels as of October 13, 4.5 million barrels higher than at this time last year. Midwest inventories were unchanged at 26.4 million barrels last week compared to 23.8 million barrels at this time last year.
- According to the EIA as of Oct. 10, the outlook for the upcoming winter (October 2006 through March 2007) anticipates a 3 percent increase in propane space heating costs for Midwest households compared to the winter of 2005-2006 with prices averaging \$1.63 per gallon.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Energy Center, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm